

EU study on energy prices and costs fails to address the costs of energy policies

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The European Commission today published a paper on energy prices and costs, as promised in the conclusions of the European Council of 22 May 2013. EURELECTRIC Secretary General Hans ten Berge issued the following statement:

'Today's study rightly recognises that the various components of energy prices have developed differently: most notably the energy component has remained stable, while levies and taxes have risen, thereby increasing end-user prices.'

'However, the study gives an incomplete picture on the drivers affecting each price element. We are, for instance, missing any reference to the fact that the reduction in wholesale prices has not resulted from more liberalised electricity markets but mainly from a massive over-supply from subsidy-driven renewable additions. This situation is unsustainable and actually increases overall system costs – to the detriment of the customer.'

'By the same token, we expected the Commission to make clear that the increasing levels of taxation identified severely limit and distort retail competition. Retailers are only able to compete on the marginal part of the bill not governed by regulation or taxation. How can retail prices reflect changes in wholesale prices when in most member states the energy component makes up less than half of the total bill?'

'In addition, the breakdown of other price components remains unclear. In many countries the cost of power generation support, most notably for renewables sources, is hidden in network costs and various taxes and levies. The Communication acknowledges that this makes a meaningful comparison between network charges and end-user prices across Europe impossible, but fails to explain the differences between countries sufficiently. This may lead the reader to draw wrong conclusions.'

'Worse still, it makes it impossible tell how different policies have affected prices. Which policy decisions – on support schemes, generation mix, tax exemptions, etc. – have which cost impact? The report again does not provide any satisfactory answers.'

*'EURELECTRIC has repeatedly called for more transparency on the costs of European energy and climate policies, most recently in its **own analysis of Eurostat data on retail prices** and in a **letter** sent to European ministers in December. We are therefore highly disappointed that today's study does not clearly set out where and how customers are paying over the odds for their electricity. As such, today's study represents a missed opportunity and reduces the chances of agreeing sound, data-driven policies for the period after 2020.'*

The European Commission today also published proposals for the EU's energy and climate framework after 2020. EURELECTRIC's reaction is available [here](#).

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